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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

144551

COUNTRY Argentina

~~CONFIDENTIAL~~

DATE: 25X1A

SUBJECT Investment of Spanish Capital

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INFO

DIS

PAGES

SUPPLEMENT

ORIGIN

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SOURCE

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1. A Spanish holding company, or pool, has been formed, in which one of the principal figures is Nicolas Franco, Spanish Ambassador to Lisbon and brother of General Franco. Ex-minister Garceller has also been a member, and General Franco himself reportedly has some connection with the company.
2. This company has carried out operations in Argentina involving several million pesos. It has acquired the insurance company Providencia, whose director is a man named Clavell. It has also organized an important company dealing in cement and other construction materials, as well as one concerned with textiles. It has acquired large expanses of land in the south of Argentina. The company is dealing in exchange, relying on official protection and taking advantage of the special rates of exchange which are in effect for certain types of merchandise.
- 25X1X 3. [REDACTED] the cause of the fall of the value of the peseta in Argentina is the great influx of Spanish banknotes, which arrive by boat and by the Iberia airline. In addition to the enormous quantities of banknotes, an abundance of jewels and precious stones of all kinds and value have reached Argentina, sent for the express purpose of investing capital there. This has caused a great depreciation in value of this merchandise, and created a serious problem in the jewel industry.
4. The people who are taking their jewelry to Argentina are not hiding the fact that they are eager to remove their assets from Spain because of the insecurity of the situation there, and the fear of fluctuations in exchange which may occur.

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2003

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